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STATE FOR AF/EPS AND AF/E
USDOC FOR RASHIDA PETERSEN
JOHANNESBURG FOR SCO
NAIROBI FOR SCO
PARIS FOR AFRICA WATCHER D'ELIA

E.O. 12958: DECL: 12/20/2016
TAGS: [EAGR](#) [ETRD](#) [KTDB](#) [PGOV](#) [AGOA](#) [MA](#)
SUBJECT: PRESIDENT OFFERS LITTLE IN RESPONSE TO SEABOARD
DEMARCHE

REF: A. A) STATE 196979

[1](#)B. B) ANTANANARIVO 1291

Classified By: AMBASSADOR JAMES D. MCGEE FOR REASONS 1.4 B AND D

[1](#)1. (C) Ambassador delivered points (Ref A) about Seaboard's investment difficulty in Madagascar to President Ravalomanana December 19. The President interrupted the short demarche to blame the whole problem on Seaboard's Madagascar Director Armando Lopez. He claimed Lopez botched a deal in Angola with Seaboard and is "doing the same in Madagascar." President Ravalomanana insisted that his company (TIKO) and Seaboard cooperate well in South Africa, made no commitment to investigate or act on Seaboard's claims, and insisted one of his foreign advisors (Paul Porteus, who is on leave until mid-January) is handling the problem.

[1](#)2. (C) In response to the Ambassador's insistence on the urgency of this matter, the President said he was willing to speak directly to the head of Seaboard (CEO Steve Bresky). Ravalomanana concluded with a request for "concrete proof" that Seaboard is being disadvantaged.

[1](#)3. (C) It is critical to note Ravalomanana has been nearly impossible to reach since the December 3 Presidential election. Unofficial results have him as a first round victor; Post expects the High Constitutional Court to confirm as much December 23. During the same call, the Ambassador also confirmed the President's participation at a ceremony to announce Madagascar's selection for the President's Malaria Initiative and discussed potential high-level USG participation at the expected January 19 Presidential inauguration.

COMMENT:

[1](#)4. (C) Post assesses the President's response to reflect either profound ignorance or indifference to the real situation between U.S. firm Seaboard and his own company TIKO at the Port of Tamatave. Moreover, the President seems not to grasp the nuanced argument that even the perception of corruption -- that the Port and GOM are forcing out Seaboard to create a monopoly for TIKO in wheat milling -- should be avoided. While Lopez is aggressive and Seaboard could possibly have done more due diligence on their Malagasy partner, the reality -- as confirmed by our World Bank and

IMF colleagues in addition to Seaboard -- is that publicly financed bulk offloading equipment will serve only TIKO if Seaboard ceases to be an operator in Tamatave.

15. (C) Post suggests three explanations for President Ravalomanana's response: 1) He is aware TIKO is getting a monopoly at Seaboard's expense and does not believe there will be consequences; 2) He thinks there might be minor consequences he can tolerate; 3) He is genuinely ignorant of the facts and what is at stake because his staff is not giving him honest and prudent counsel. Whatever the President's thinking, Post will continue to lobby him and his Government vigorously to ensure a level playing field for a significant U.S. investor. END COMMENT.
McGEE